

**American Retirement Association**  
**Statement for the Record**  
**For the**  
**House Ways and Means Committee**  
**Hearing on**  
**Improving Retirement Security for America's Workers**  
**Held on February 6, 2019**

The American Retirement Association (ARA) thanks Chairman Neal, Ranking Member Brady, and the other members of the House Ways and Means Committee for holding a hearing that examined ways to improve retirement security for America's workers.

The ARA is an organization of more than 26,000 members nationwide who provide consulting and administrative services to American employers, workers, and sponsors of retirement plans covering millions of individuals. ARA members are retirement plan professionals of all disciplines, including: actuaries, accountants, administrators, attorneys, consultants, financial advisers, and plan sponsors. ARA is the coordinating entity for its five underlying affiliate organizations, the American Society of Pension Professionals and Actuaries (ASPPA), the ASPPA College of Pension Actuaries (ACOPA), the National Association of Plan Advisors (NAPA), the National Tax-deferred Savings Association (NTSA) and the Plan Sponsor Council of America (PSCA). ARA members are diverse but united in a common dedication to providing for the retirement security of working Americans.

Our members help American workers bolster their retirement security by facilitating well-designed workplace-based retirement savings plans. For most Americans, the key to a successful retirement is having access to a workplace savings program. Workers earning between \$30,000 and \$50,000 are 12 times more likely to participate in a defined contribution plan when it is offered to them at work than if they save on their own in an IRA.<sup>1</sup> We recognize that, despite our best efforts, far too many Americans lack access to a retirement plan at work.

Fortunately, there are actions that Congress can take to address this lack of access. The ARA strongly urges Congress to enact *the Retirement Enhancement and Savings Act (RESA)* as quickly as possible. RESA includes several provisions that, when taken together, will make it easier for small businesses to adopt and maintain a workplace-based retirement savings plan.

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<sup>1</sup>Vanguard, *How American Saves 2018* (DC plan participation); Employee Benefits Research Institute (EBRI) estimate based on 2014 IRS SOI tabulation (IRA-only participation)


RESA increases the incentives for small business owners to offer a qualified retirement plan by significantly increasing the small employer pension plan startup tax credit and adds a new credit to encourage plan designs that automatically enroll workers into plans. RESA allows business owners the proper time to decide whether to adopt a qualified retirement plan by extending the deadline up until the due date of their tax return, since it is only then when those decision makers know their true financial situation. RESA gives plan sponsors increased flexibility to choose an administratively streamlined 401(k) safe harbor plan with generous employer contributions for rank and file workers. All these provisions are sorely needed because small businesses face real challenges when deciding to provide a retirement benefit. These new policies will help these businesses make that critical decision with more certainty, clarity, and confidence.

RESA also allows two or more unrelated employers to join a pooled employer retirement plan. It is important that RESA requires the provider of such an arrangement to take responsibility for the proper operation of the plan. The clear lines of responsibility prescribed to the pooled plan provider in RESA gives adopting employers – many of which could be small businesses – more security. Additionally, RESA addresses a considerable uncertainty about pooled plans in preventing the ‘bad apple’ actions of a participating employer from tainting the entire plan. The ARA also strongly endorses the provision allowing retirement plan providers to offer a payroll deduction IRA program with automatic enrollment through a pooled employer plan. Pooling unrelated employers together into one plan creates an economy of scale that lowers both employer and plan participant cost.

While RESA would improve retirement plan coverage, ARA also recognizes that this could still not be enough to get some businesses to act and that a further nudge is needed. We believe that any requirement placed on employers to offer employees access to a payroll deduction savings program should be designed to minimize the burden on the employer while achieving the desired policy outcome of increasing the availability of workplace savings opportunities.

The ARA applauds the efforts of Chairman Neal for more than a decade now to achieve that proper balance. Chairman Neal’s Automatic IRA and Automatic Retirement Plan bills will close the retirement plan coverage gap to the greatest extent while imposing the minimum possible burden on employers. These approaches deserve serious consideration and widespread support. We stand ready to continue to work with Chairman Neal and others on the Committee to address this critical issue in the 116<sup>th</sup> Congress.

Sincerely,

A handwritten signature in black ink, appearing to read 'B.H. Graff', with a stylized flourish at the end.

Brian H. Graff, Esq., APM  
Executive Director/CEO  
American Retirement Association

